



Vision
Bank

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

GENERAL INFORMATION

Registered Head Office

Floor 30, Al Maqam Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Registered in Abu Dhabi Global Markets, United Arab Emirates No. 000001012

Financial Services Regulatory Authority, United Arab Emirates Permission No. 170016

Board of Directors

Jeremy Parrish, Independent Non-Executive Director and Chairman

Tayeb Amanalla Mohd Zaman Kamali, Independent Non-Executive Director

Mohamed Mansour M Al Hassan, Non-Executive Director

Pankaj Gupta, Non-Executive Director

Theodore Lohmann Goede III, Independent Non-Executive Director

Hesham Ismaeel Ali Mohamed Abdulrahman, Non-Executive Director

Fawaz Talal A Al Tamimi, Non-Executive Director

Bryan Dale Stirewalt, Independent Non-Executive Director

Bhavin Shah, Independent Non-Executive Director

Bank Secretary

AbdulAziz Hassan

Executive Management

Vivek Pilania, Interim Senior Executive Officer

Ahmed Abdullah Advani, Chief Financial Officer

Jason Dominic Haines, Chief Compliance Officer

David Jonathon Blake, Chief Risk Officer

Auditor

Ernst & Young – Middle East (ADGM Branch)

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DIRECTORS' REPORT

The Directors have the pleasure of submitting their report, together with the audited financial statements for the year ended 31 December 2025.

Incorporation

Vision Bank Limited (the "Bank") was incorporated in the Abu Dhabi Global Market as a private company limited by shares and is regulated by the ADGM Financial Services Regulatory Authority ("FSRA").

In April 2022, the Bank became a wholly owned subsidiary of Gulf Islamic Investments LLC (the Parent) following FSRA approval of the change in control. The Parent is a Shariah-compliant financial services group engaged in financial advisory, holding of investments for capital appreciation, securities dealing, arranging of securities, custody of securities, investment management and operate funds.

The Bank operates under a Category 1 Islamic Financial Institution licence and commenced phased operations, initially focusing on the UAE market, providing digital onboarding, USD current accounts, payments and transfer services, and Shari'ah-compliant deposit products.

The Bank's registered office is Floor 30, Al Maqam Tower, Abu Dhabi Global Market Square Al Maryah Island, Abu Dhabi, United Arab Emirates.

Total paid up capital as at 31 December 2025 is USD 40,603 thousand.

Principal activity

The Bank's principal activity is to undertake Shari'ah-compliant Regulated Activities (excluding Managing a Profit-Sharing Investment Account) as a Prudential Category 1 Islamic Financial Institution. These activities include Accepting Deposits, Providing Credit, and Advising on Investments or Credit (refer to Note 1 to the financial statements).

On 25 June 2024, the Financial Services Regulatory Authority (FSRA) confirmed that all In-Principle Approval (IPA) conditions had been satisfactorily fulfilled, and the Bank was permitted to recommence its regulated activities with effect from 26 June 2024.

The Bank implemented its operational rollout in phases. It commenced operations on 15 July 2024 with the launch of digital onboarding capabilities, USD current accounts, and USD payment and transfer services. As part of the next phase of expansion, the Bank introduced customer Murabaha deposit products in January 2025. In January 2026, the Bank has also received conditional regulatory approval to provide financing facilities, which are expected to be launched in due course upon completion of the relevant regulatory and operational requirements.

Subsequent to the reporting date, the Bank's Senior Executive Officer, Mr. Parvin Kumar Jain, resigned on 23 January 2026. Mr. Vivek Pilonia was appointed as Interim Senior Executive Officer on the same date to ensure continuity of leadership and operations.

Results and appropriation of profits

The total comprehensive loss for the year was USD 8,931 thousand (2024: USD 8,419 thousand) and the total equity as at the reporting date was USD 16,649 thousand (2024: USD 25,580 thousand).

No dividends have been paid during the year and no final dividend has been recommended by the Directors.

Going Concern

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Bank has adequate resources to continue in business for the foreseeable future as per the approved regulatory business plan (2026 – 2028) on the basis of Parent's letter of financial support confirming its financial ability and means and intention to provide such financial support as may be necessary to enable the Bank to meet compliance with the minimum capital adequacy and other relevant FSRA regulatory ratios to continue its operations for a period of at least twelve months from the date of approval of the Bank's financial statements.

Transactions with related parties

The financial statements disclose related party transactions and balances in Note 21. All transactions are carried out as per agreed terms on arm's length basis and in compliance with applicable laws and regulations.

Directors

The Directors who have held office during the year and to the date of this Report were as follows:

Jeremy Parrish

Tayeb Amanalla Mohd Zaman Kamali

Mohamed Mansour M Al Hassan

Pankaj Gupta

Theodore Lohmann Goede III

Ian Anderson Bryden (resigned 28 February 2026)

Hesham Ismaeel Ali Mohamed Abdulrahman

Fawaz Talal A Al Tamimi

Bryan Dale Stirewalt (appointed 13 June 2025)

Bhavin Shah (appointed 01 April 2026)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Companies Regulations 2020 of ADGM require the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the ADGM Companies Regulations 2020. They have general responsibility for such steps as are reasonably open to them to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

Statement of disclosure to auditors

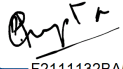
The Directors make the following statements:

- so far as the Directors are aware, there is no relevant audit information of which the Bank's auditor is unaware; and
- they have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

Auditors

During the year ended 31 December 2025, KPMG ceased to act as the external auditor of the Bank and Ernst & Young was appointed as the Bank's external auditor in accordance with applicable regulatory and governance requirements.

On behalf of Board of Directors

DocuSigned by:

 F2111132BA5240A...

Pankaj Gupta

Director

Signed by:

 EA3BDCF844BB497...

Mohamed Mansour M Al Hassan

Director

Initial


Abu Dhabi, United Arab Emirates

Date: 22 April 2026

Initial


Document Classification: Public

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INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDER OF VISION BANK LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Vision Bank Limited. (the “Bank”), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the financial statements section of our report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the shareholder of the Company, for our audit work, for this report, or for the opinions we have formed. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code together with the ethical requirements that are relevant to audit of the financial statements in the United Arab Emirates. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code together with the ethical requirements that are relevant to audit of the financial statements in the Abu Dhabi Global Market (“ADGM”). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Bank for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 19 March 2025.

Other Information

Other information comprises the Director’s report set out in pages 3 to 5 and additional information in pages 49 to 61, other than the financial statements and our auditor’s report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF VISION BANK LIMITED (continued)

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and in compliance with the applicable provisions of the Bank's Articles of Association and Companies Regulation 2020 of Abu Dhabi Global Market ("ADGM"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
VISION BANK LIMITED (continued)**

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements(continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Further, as required by the Companies Regulation 2020 of ADGM, we report that, in our opinion:

- i) the financial statements include, in all material respects, the applicable requirements of the Companies Regulation 2020 of ADGM; and
- ii) the financial information included in the report of the Board of Directors is consistent with the books of account and records of the Bank.

Ernst & Young – Middle East (ADGM Branch)

A handwritten signature in blue ink, appearing to read 'Sanjay Khiara', with a stylized flourish at the end.

Sanjay Khiara

23 April 2026
Abu Dhabi, United Arab Emirates

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

| | Notes | 31 December 2025 | 31 December 2024 |
|-------------------------------------|-------|---------------------|---------------------|
| Assets | | \$000 | \$000 |
| Cash and balances due from banks | 10 | 10,213 | 14,888 |
| Investment securities | 11 | 28,122 | 6,826 |
| Property and equipment | 12 | 107 | 84 |
| Right of use asset | 13 | 367 | 734 |
| Intangible assets | 14 | 601 | 428 |
| Deferred tax asset | 9 | 1,711 | 832 |
| Other assets | 15 | 5,418 | 4,455 |
| Total assets | | 46,539 | 28,247 |
| Liabilities | | | |
| Customer deposits | 16 | 28,656 | 1,367 |
| Lease liability | 17 | 377 | 721 |
| Other liabilities | 18 | 857 | 579 |
| Total liabilities | | 29,890 | 2,667 |
| Equity | | | |
| Share capital | 19 | 40,603 | 40,603 |
| Fair value reserve | 20 | 43 | (96) |
| Accumulated losses | | (23,997) | (14,927) |
| Total equity | | 16,649 | 25,580 |
| Total liabilities and equity | | 46,539 | 28,247 |

We approve these financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgments underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation.

These financial statements were approved by the Board of Directors on 22 April 2026 and signed on their behalf by:

Signed by:

 EA3BDCF844BB497...
Mohamed Mansour M Al Hasan, Director

Signed by:

 3A3DF734BF2846F...
Vivek Pilania, Interim CEO

The notes on pages 13 to 48 form an integral part of these financial statements.

The independent auditors' report is set out on pages 6 to 8

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

| | Notes | 2025 \$000 | 2024 \$000 |
|---|-------|-----------------|----------------|
| Income from Islamic financing and investment products | 6 | 655 | 423 |
| Depositor's share of profit | 7 | (97) | - |
| Net income from financing and investment products | | 558 | 423 |
| General and administrative expenses | 8 | (11,085) | (9,582) |
| Operating loss before impairment | | (10,527) | (9,159) |
| Net impairment reversal on financial assets | 5.1 | 564 | 14 |
| Loss before tax | | (9,963) | (9,145) |
| Income tax benefit | 9 | 893 | 822 |
| Loss for the year | | (9,070) | (8,323) |
| Other comprehensive income / (loss): | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Movement of fair value reserve – net of tax: | | | |
| - Sukuks at FVOCI – net change in fair value | 20 | 139 | (96) |
| Other comprehensive income / (loss) for the year, net of tax | | 139 | (96) |
| Total comprehensive loss for the year, net of tax | | (8,931) | (8,419) |

The notes on pages 13 to 48 form an integral part of these financial statements.

The independent auditors' report is set out on pages 6 to 8

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

| | Notes | Share capital \$000 | Fair value reserve \$000 | Accumulated losses \$000 | Total equity \$000 |
|---|-------|---------------------------|--------------------------------|--------------------------------|--------------------------|
| Balance at 1 January 2024 | | 25,603 | - | (6,604) | 18,999 |
| Loss for the year | | - | - | (8,323) | (8,323) |
| Other comprehensive loss for the year | | - | (96) | - | (96) |
| Total comprehensive loss for the year | | - | (96) | (8,323) | (8,419) |
| Transactions with owner directly in equity | | | | | |
| Issued shares during the year | 19 | 15,000 | - | - | 15,000 |
| | | 15,000 | - | - | 15,000 |
| Balance at 31 December 2024 | | 40,603 | (96) | (14,927) | 25,580 |
| Balance at 1 January 2025 | | 40,603 | (96) | (14,927) | 25,580 |
| Loss for the year | | - | - | (9,070) | (9,070) |
| Other comprehensive income for the year | | - | 139 | - | 139 |
| Total comprehensive income / (loss) for the year | | - | 139 | (9,070) | (8,931) |
| Transactions with owner directly in equity | | | | | |
| Issued shares during the year | | - | - | - | - |
| Balance at 31 December 2025 | | 40,603 | 43 | (23,997) | 16,649 |

The notes on pages 13 to 48 form an integral part of these financial statements.

The independent auditors' report is set out on pages 6 to 8

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

| | Notes | 2025 | 2024 |
|--|-------|-----------------|----------------|
| | | \$000 | \$000 |
| Cash flows from operating activities | | | |
| Loss for the year before tax | | (9,963) | (9,145) |
| <i>Adjustments for:</i> | | | |
| Provision for employees' end of service benefits | 22 | 139 | 145 |
| Depreciation and amortization | 8 | 983 | 619 |
| Finance costs on lease liability | 17 | 33 | 67 |
| Net impairment reversal on financial assets | | (564) | (14) |
| <i>Changes in:</i> | | | |
| Decrease in other assets | | (898) | (1,321) |
| Increase in customer deposits | | 27,289 | 1,367 |
| Increase / (decrease) in other liabilities | | 215 | (127) |
| | | <u>17,234</u> | <u>(8,409)</u> |
| Employees' end of service benefits paid | 22 | (76) | (4) |
| Net cash flow generated from / (used in) operating activities | | <u>17,158</u> | <u>(8,413)</u> |
| Cash flows from investing activities | | | |
| Acquisition of investment securities | | (21,146) | (6,933) |
| Acquisition of property and equipment | 12 | (47) | (67) |
| Acquisition of intangible assets | 14 | (263) | (306) |
| Net cash used in investing activities | | <u>(21,456)</u> | <u>(7,306)</u> |
| Cash flows from financing activities | | | |
| Payment of lease liability | 17 | (377) | (806) |
| Proceeds from issue of share capital | | - | 15,000 |
| Net cash flow generated (used in) / from financing activities | | <u>(377)</u> | <u>14,194</u> |
| Net (decrease) in cash and cash equivalents | | <u>(4,675)</u> | <u>(1,525)</u> |
| Cash and cash equivalents at 1 January | | <u>14,890</u> | <u>16,415</u> |
| Cash and cash equivalents at 31 December | 10 | <u>10,215</u> | <u>14,890</u> |

The notes on pages 13 to 48 form an integral part of these financial statements.

The independent auditors' report is set out on pages 6 to 8

NOTES TO THE FINANCIAL STATEMENTS

1 Incorporation and activities

Vision Bank Limited (the "Bank"), formerly known as Anglo-Gulf Trade Bank (AGTB) Limited, was incorporated in the Abu Dhabi Global Market as a private company limited by shares and is regulated by the ADGM Financial Services Regulatory Authority ("FSRA").

In April 2022, the Bank became a wholly owned subsidiary of Gulf Islamic Investments LLC (GII) following FSRA approval of a change in control. GII is a Shariah-compliant financial services group engaged in financial advisory, holding of investments for capital appreciation, securities dealing, arranging of securities, custody of securities, investment management, and operate funds.

The Bank operates under a Category 1 Islamic Financial Institution license and commenced phased operations from 26 June 2024.

The Bank's principal activity is to carry out Shari'ah-compliant Regulated Activities (but not Managing a Profit-Sharing Investment Account) as a Prudential Category 1 Islamic Financial Institution, including Accepting Deposits, Providing Credit, and Advising on Investments or Credit.

The Bank's registered office is Floor 30, Al Maqam Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

2 Basis of accounting

2.1 Fundamental accounting concept

During the year ended 31 December 2025, the Bank incurred a total comprehensive loss of USD 8,931 thousand (2024: USD 8,419 thousand) and, as of that date, the Bank had accumulated losses amounting to USD 23,997 thousand (2024: USD 14,927 thousand).

Whilst subsequently in January 2026 the Bank has received conditional regulatory approval from FSRA to provide financing facilities, as at the date of the issuance of these financial statements, the Bank is yet to launch its financing activities as it is seeking to meet all conditions of the regulatory approval including injection of additional capital. The Parent has confirmed its financial ability and means and intention to provide adequate financial support as may be necessary to enable the Bank to meet compliance with the minimum capital adequacy and other relevant FSRA regulatory ratios to continue its operations for a period of at least twelve months from the date of approval of the Bank's financial statements. Accordingly, the financial statements for the current year have been prepared on a going concern basis.

2.2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by International Accounting Standards Board (IASB) and the applicable provisions of the ADGM Companies Regulations 2020.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

2 Basis of preparation (*continued*)

2.3 Basis of measurement

The financial statements have been prepared under the historical cost basis except for investment securities which are carried at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected. The critical areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements are included in the relevant accounting policies.

2.4 Functional and presentation currency

These financial statements are presented in United States Dollars ("USD"), which is the Bank's functional currency. Except as otherwise indicated, financial information presented in USD has been rounded to the nearest thousand.

2.5 Going concern

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Bank has adequate resources to continue in business for the foreseeable future as per the approved regulatory business plan (2026 – 2028) on the basis of Parent's letter of financial support confirming its financial ability and means and intention to provide such financial support as may be necessary to enable the Bank to meet compliance with the minimum capital adequacy and other relevant FSRA regulatory ratios to continue its operations for a period of at least twelve months from the date of approval of the Bank's financial statements, also refer Note 2.1 above.

3 Material accounting policies

The accounting policies set out below have been consistently applied to all the periods presented in these financial statements.

3.1 Application of new and revised IFRS Accounting Standards

(a) New and amended standards and interpretations

In the current year, the Bank has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2025. The application of these amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current year but may affect the accounting for the Bank's future transactions or arrangements.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

3 Material accounting policies (*continued*)

3.1 Application of new and revised IFRS Accounting Standards (*continued*)

(a) New and amended standards and interpretations (*continued*)

| Description | Effective from |
|--|----------------|
| Lack of exchangeability – Amendments to IAS 21 | 1 January 2025 |

(b) Standards issued but not yet effective

The relevant standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are discussed below. The Bank intends to adopt these standards, if applicable, when they become effective.

| Description | Effective from |
|---|----------------|
| Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 | 1 January 2026 |
| Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 | 1 January 2026 |
| IFRS 18 Presentation and Disclosure in Financial Statements | 1 January 2027 |

Management anticipates that these new standards, interpretations and amendments will be adopted in the Bank's financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the financial statements of the Bank in the period of initial application.

3.2 Financial instruments

(a) Recognition and initial measurement

The Bank initially recognises financing and other receivables and investment securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the date when the Bank becomes a party to the contractual provisions of the instrument.

Upon recognition, financial assets and financial liabilities are initially measured at fair value plus (in the case of a financial asset or financial liability not classified as FVTPL) transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities.

(b) Classification and subsequent measurement

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

3 Material accounting policies (*continued*)

3.2 Financial instruments (*continued*)

(b) Classification and subsequent measurement (*continued*)

Cash and balances due from banks, investment securities and other assets that meet the following conditions are measured at amortised cost less impairment loss and deferred income, if any:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Investment securities is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are classified as measured at FVTPL.

Financial assets: Business model assessment

The Bank makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual profit income, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

3 Material accounting policies (*continued*)

3.2 Financial instruments (*continued*)

(b) Classification and subsequent measurement (*continued*)

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Bank considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and profit criterion if the prepayment amount substantially represents unpaid amounts of principal and profit on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual profit (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective profit method. The amortised cost is reduced by impairment losses. Profit income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets measured at FVOCI are initially measured at fair value plus transaction costs. Subsequently they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI except for the profit income which is recognized in profit and loss.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

3 Material accounting policies (*continued*)

3.2 Financial instruments (*continued*)

(b) Classification and subsequent measurement (*continued*)

Upon derecognition of investment securities measured at FVOCI, the cumulative gain or loss previously recognised in OCI is reclassified from fair value reserves within equity to profit or loss.

Financial assets measured at FVTPL are subsequently measured at fair value. Net gains and losses, including any profit or dividend income, are recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains losses, including any profit expense, are recognised in profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective profit method. Profit expense and foreign exchange gains and losses are recognised in profit or loss.

(c) Derecognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

3 Material accounting policies (*continued*)

3.3 Impairment of non-derivative financial assets

Financial instruments and contract assets

The Bank recognises loss allowances for ECLs on:

- financial assets including investments in sukuk measured at amortised cost;
- investments in sukuk measured at FVOCI; and
- contract assets (as defined in IFRS 15).

At each period end, the Bank shall recognize a loss allowance for ECL on applicable financial instruments.

For Stage 1 financial instruments, the Bank shall measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

For Stage 2 and Stage 3 financial instruments, the Bank shall measure the loss allowance for that financial instrument at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment and including forward-looking information.

There is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive).

ECLs are discounted at the effective profit rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

3 Material accounting policies (*continued*)

3.3 Impairment of non-derivative financial assets (*continued*)

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and investment in sukuks at FVOCI are credit - impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a financing or advance by the Bank on terms that the Bank would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For investment in sukuks at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Bank determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

3 Material accounting policies (*continued*)

3.4 Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Share capital

Ordinary Shares

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

3.6 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective profit method.

3.7 Cash and balances due from banks

Cash and balances due from banks include unrestricted highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in fair value and are used by the Bank in the management of its short-term commitments.

Cash held in bank accounts and balances due from banks are carried at amortised cost in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

3 Material accounting policies (*continued*)

3.8 Investment securities

Investment securities' caption in the statement of financial position includes:

- Investment in Sukuks measured at FVOCI; and
- Investment in Sukuks measured at amortised cost; these are initially measured at fair value plus incremental transaction costs and subsequently at their amortised cost using effective profit method.

Sukuk is defined as 'investment certificates of equal denomination representing undivided ownership interests in a portfolio of eligible assets. Sukuk commonly refers to the Islamic alternative of bonds. Sukuk, generally, represents ownership of the underlying assets by the holder with all the rights and obligations of ownership. However, it may represent usufruct, services or receivables in some cases.

For investment in sukuks measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- Profit income using the effective profit method;
- ECL charges and reversals, and
- Foreign exchange gains and losses.

When an investment in sukuks measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from fair value reserves within equity to profit or loss.

3.9 Property and equipment

i. Recognition and measurement

All items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other operating income in statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

4 Material accounting policies (*continued*)

3.9 Property and equipment (*continued*)

ii. Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in statement of comprehensive income as incurred.

iii. Depreciation

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives are 5 years for property and equipment.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

3.10 Intangible assets

Intangible assets acquired by the Bank are measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditures on internally developed intangible assets is recognised as an asset when the Bank is able to demonstrate: that the product is technically feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and it can be reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised financing costs and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Intangible assets are amortised on a straight-line bases in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current period is 5 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

3 Material accounting policies (*continued*)

3.11 Provisions

A provision is recognised if, as a result of a past event, the Bank has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and the risks specific to the liability.

3.12 Employees' end of service benefit

The Bank provides end of service benefits for its employees. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. Provision for staff terminal benefits is made in accordance with the Bank's end of service benefits policy and is determined as the liability that would arise if the employment of all the staff were to be terminated at the reporting date. The expected costs of these benefits are accrued over the period of employment.

3.13 Customer deposits

These are financial liabilities at amortised cost and are initially measured at fair value less transaction costs. Subsequently, the deposits are measured at amortised cost using the effective profit method.

3.14 Financing income and expense

i. Effective profit rate

Financing income and expense are recognised in profit or loss using the effective profit method. The 'effective profit rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective profit rate for financial instruments other than purchased or originated credit-impaired assets, the Bank's estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit-adjusted effective profit rate is calculated using estimated future cash flows including ECL. The calculation of the effective profit rate includes transaction costs and fees and points paid or received that are an integral part of the effective profit rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

3 Material accounting policies (*continued*)

3.14 Financing income and expense (*continued*)

ii. Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal payments, plus or minus the cumulative amortisation using the effective profit method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

iii. Calculation of finance income and expense

The effective profit rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating finance income and expense, the effective profit rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective profit rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of profit. The effective profit rate is also revised for fair value hedge adjustments at the date of amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, finance income is calculated by applying the effective profit rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of profit income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, finance income is calculated by applying the credit-adjusted effective profit rate to the amortised cost of the asset. The calculation of finance income does not revert to a gross basis, even if the credit risk of the asset improves. For information on when financial assets are credit-impaired, see Note 3.3.

The Murabaha profit is quantifiable and contractually determined at the commencement of the contract. Murabaha profit is recognised as it accrues over the life of the contract using an effective profit method on the balance outstanding.

Estimated income from Wakala is recognised on an accrual basis over the period using effective profit method, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

iv. Presentation

Finance income and expense calculated using the effective profit method presented in the statement of comprehensive income includes finance income and expense on financial assets and financial liabilities measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

3 Material accounting policies (*continued*)

3.15 Functional and presentation currency

These financial statements are presented in United States Dollars (“\$000”), which is the Bank’s functional currency.

3.16 Foreign currency

Transactions in foreign currencies are translated to USD at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to USD at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective profit and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to USD at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in statement of comprehensive income.

3.17 Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

3 Material accounting policies (*continued*)

3.17 Leases (*continued*)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental financing rate.

Generally, the Bank uses its incremental financing rate as the discount rate. The Bank determines its incremental financing rate by obtaining profit rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective profit method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.18 *Wakala*

An agreement whereby the Bank provides a certain sum of money to an agent who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala.

These products are carried at amortised cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

3 Material accounting policies (*continued*)

3.19 Murabaha

A buy and sell arrangement where the Bank purchases a commodity with deferred settlement on other bank's request and then sells it to the bank at a higher price, which includes an agreed-upon profit margin. The profit margin is mutually agreed upon between both the banks before the transaction takes place. Until, agreed-upon settlement date, the bank is not required to make the full payment for the commodity. Instead, the payment is deferred. Before settlement, the Bank retains the ownership of commodity.

These products are carried at amortised cost less impairment.

3.20 Income tax and deferred tax

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is the tax expected to be payable on the taxable profit for the year and on any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position, and the amounts attributed to such assets and liabilities for tax purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for the Bank. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Current and deferred tax are calculated based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

4 Accounting Estimates and Judgements

The preparation of the Bank's financial statements requires management to make certain estimates and assumptions that affect the reported amount of financial assets and liabilities and the resultant allowances for impairment and fair values.

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Significant items where the use of estimates and judgments are required are outlined below:

4.1 *Financial instruments*

Judgments made in applying accounting policies that have most significant effects on the amounts recognized in the financial statements of the year ended 31 December 2025 pertain to:

- a. Classification of financial assets: Classification and measurement of financial assets depend on SPPP and business model test results. Management evaluates if the financial assets' terms involve only the payment of principal and profit. This assessment includes a judgement of all relevant evidence, such as how the performance of the assets is evaluated and measured, the risks that affect asset performance and their management, and the compensation of asset managers. The Bank's management concluded that certain of the investment securities were held within a business model aiming to collect contractual cash flows and sell financial assets. Accordingly, these investments were classified and measured as financial assets at FVOCI.
- b. Calculation of expected credit loss (ECL): Assumptions and estimation uncertainties have a significant impact on ECL for the year ended 31 December 2025.

The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9 "Financial Instruments" methodology.

Elements of the ECL models that are considered accounting judgements and estimates include:

- Assessment of significant increase in credit risk; and
- Macroeconomic factors, forward looking information and multiple scenarios.

4.2 *Income tax*

The tax positions taken are considered by the Bank to be supportable and are intended to withstand challenge from tax authorities. The Bank evaluates these positions on their technical merits on a regular basis using all the information available. For the purposes deferred tax asset, it also involves assessing the probability and sufficiency of future taxable profits, taking into account the future reversal of existing taxable temporary differences.

The assessment of income tax and deferred tax is based on estimates and assumptions, involving judgments about future events. New information may prompt the Bank to revise its tax liability judgments, affecting income tax in that year.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

5 Financial risk management

The management of the Bank have established policies to mitigate the financial risk associated with its operations. The Bank is primarily exposed to credit risk, liquidity risk and market risk.

5.1 Credit risk

The Bank is exposed to credit risk if counterparties fail to perform as contracted. Financial assets which are potentially subject to credit risk consist of cash and balances due from banks and investment securities. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

ECL Governance:

The Bank has established an internal ECL Committee to provide oversight to the IFRS 9 impairment process. The Committee is comprised of senior representatives from Finance, Risk Management and Business departments and are responsible for reviewing and approving key inputs and assumptions used in the ECL estimates and also assesses the appropriateness of the overall allowance results to be included in the Bank's financial statements.

Impairment reversal and (allowance) on financial assets and contract assets recognised in profit or loss were as follows:

| | 2025 | 2024 |
|----------------------------------|--------------|-------|
| | \$000 | \$000 |
| Cash and balances due from banks | - | 15 |
| Investment securities | (4) | (1) |
| Other assets | 568 | |
| | 564 | 14 |

5.1.1 The table below shows the gross maximum exposure to credit risk for the components of the Bank's statement of financial position.

| | 31 December | 31 December |
|----------------------------------|--------------------|-------------|
| | 2025 | 2024 |
| | \$000 | \$000 |
| Cash and balances due from banks | 10,215 | 14,890 |
| Investment securities | 28,127 | 6,827 |
| Total gross amount | 38,342 | 21,717 |
| Expected credit loss | (7) | (3) |
| | 38,335 | 21,714 |

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

5 Financial risk management (*continued*)

5.1 Credit risk (*continued*)

5.1.2 Carrying value of exposure and expected credit loss by stage

| | 2025 | | 2024 | |
|----------------------------------|---------------|--------------|---------------|------------|
| | Stage 1 | ECL \$000 | Stage 1 | ECL |
| Cash and balances due from banks | 10,215 | (2) | 14,890 | (2) |
| Investment securities | 28,127 | (5) | 6,827 | (1) |
| | <u>38,342</u> | <u>(7)</u> | <u>21,717</u> | <u>(3)</u> |

5.1.3 The following table sets out information about the credit quality of financial assets. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

| | 31 December 2025 \$000 | 31 December 2024 \$000 |
|--|---------------------------------|---------------------------------|
| | -----12-month ECL----- | |
| Balance as at 1 January | 21,714 | 16,415 |
| Transfers within stages | - | - |
| New financial assets | 161,241 | 6,827 |
| Derecognised financial assets | (144,613) | (1,525) |
| Total gross amount | <u>38,342</u> | <u>21,717</u> |
| Expected credit loss | (7) | (3) |
| Carrying amount as at 31 December | <u>38,335</u> | <u>21,714</u> |

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

5 Financial risk management (*continued*)

5.1 Credit risk (*continued*)

5.1.4. Risk concentration of the maximum exposure to credit risk:

The Bank monitors concentration of credit risk by geographical region and by industry sector. The analysis by geographical region is as follows:

| | 31 December 2025 | | 31 December 2024 | |
|---------------|----------------------------------|-----------------------|----------------------------------|-----------------------|
| | Cash and balances due from banks | Investment securities | Cash and balances due from banks | Investment securities |
| | <u>\$000</u> | | | |
| UAE | 5,897 | - | 10,682 | - |
| Other GCC | - | 24,796 | - | 5,620 |
| International | 4,318 | 3,331 | 4,208 | 1,207 |
| | 10,215 | 28,127 | 14,890 | 6,827 |

An industry sector analysis of concentration of credit risk is as follows:

| | 31 December 2025 | | 31 December 2024 | |
|--------------------------------|----------------------------------|-----------------------|----------------------------------|-----------------------|
| | Cash and balances due from banks | Investment securities | Cash and balances due from banks | Investment securities |
| | <u>\$000</u> | | | |
| Financial Institutions | 10,215 | - | 14,890 | - |
| Multilateral Development Banks | - | 17,208 | - | 2,187 |
| Sovereign | - | 7,588 | - | 3,433 |
| Others | - | 3,331 | - | 1,207 |
| | 10,215 | 28,127 | 14,890 | 6,827 |

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

5 Financial risk management (*continued*)

5.2 Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its net funding requirements. The Bank's policy and the management approach to managing cash flow is to have sufficient cash to meet its operational needs.

The following is a maturity table for the Bank's assets and liabilities as of 31 December 2025.

| 2025 | <u>Carrying Amount</u> | <u>Within 3 months</u> | <u>Over 3 months to 1 year</u> | <u>Over 1 year to 3 years</u> | <u>Over 3 years to 5 years or no maturity</u> |
|----------------------------------|----------------------------|----------------------------|--|-----------------------------------|---|
| | <u>\$000</u> | <u>\$000</u> | <u>\$000</u> | <u>\$000</u> | <u>\$000</u> |
| Assets | | | | | |
| Cash and balances due from banks | 10,213 | 10,213 | - | - | - |
| Investment securities | 28,122 | 3,331 | 492 | 24,299 | - |
| Property and equipment | 107 | - | - | - | 107 |
| Right of use assets | 367 | - | 367 | - | - |
| Intangible assets | 601 | - | - | - | 601 |
| Deferred tax asset | 1,711 | - | - | - | 1,711 |
| Other assets | 5,418 | - | 1,243 | - | 4,175 |
| | <u>46,539</u> | <u>13,544</u> | <u>2,102</u> | <u>24,299</u> | <u>6,594</u> |
| Liabilities | | | | | |
| Customer deposits (Note 16) | 28,656 | 18,024 | 10,632 | - | - |
| Lease liability (Note 17) | 377 | - | 388 | - | - |
| Other liabilities (Note 18) | 857 | - | 857 | - | - |
| | <u>29,890</u> | <u>18,024</u> | <u>11,877</u> | <u>-</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Financial risk management (continued)

5.2 Liquidity risk (continued)

The following is a maturity table for the Bank's assets and liabilities as of 31 December 2024:

| 2024 | <u>Carrying Amount</u> <u>\$000</u> | <u>Within 3 months</u> <u>\$000</u> | <u>Over 3 months to 1 year</u> <u>\$000</u> | <u>Over 1 year to 3 years</u> <u>\$000</u> | <u>Over 3 years to 5 years or no maturity</u> <u>\$000</u> |
|----------------------------------|--|--|--|---|---|
| Assets | | | | | |
| Cash and balances due from banks | 14,888 | 14,888 | - | - | - |
| Investment securities | 6,826 | - | 1,207 | 767 | 4,852 |
| Property and equipment | 84 | - | - | - | 84 |
| Right of use assets | 734 | - | 367 | 367 | - |
| Intangible assets | 428 | - | - | - | 428 |
| Deferred tax asset | 832 | - | - | - | 832 |
| Other assets | 4,455 | - | 832 | - | 3,623 |
| | 28,247 | 14,888 | 2,406 | 1,134 | 9,819 |
| Liabilities | | | | | |
| Customer deposits (Note 16) | 1,367 | 1,367 | - | - | - |
| Lease liability (Note 17) | 721 | - | 377 | 388 | - |
| Other liabilities (Note 18) | 579 | - | 579 | - | - |
| | 2,667 | 1,367 | 956 | 388 | - |

The above table shows, on an undiscounted basis, all cash flows relating to principal and future profit payments related to financial liabilities. For this reason, balances in the above table may not agree directly with the carrying amounts in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

5 Financial risk management (continued)

5.3 Market risk

Market rate risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Bank has no significant exposure to profit rate and equity price risks.

Foreign currency risk

Foreign currency risk arises on transactions and monetary assets and liabilities that are denominated in a currency other than AED or USD. AED is currently pegged to USD; therefore, the Bank faces minimal foreign currency risk from fluctuations in AED. Senior management monitors currency positions on a regular basis.

Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Bank manages this risk through appropriate limits in place and frequent review of the Bank's position with regard to profit rate risk and its impact on the earnings as well as the economic value of its shareholder equity. The Bank's assets and liabilities primarily consist of fixed-rate instruments, resulting in limited exposure to profit rate risk.

5.4 Capital management

The Bank's objective in managing capital is to maintain a strong capital base to support its business and comply with the capital requirements prescribed by the Abu Dhabi Global Market Financial Services Regulatory Authority (ADGM FSRA).

As per ADGM FSRA regulations, the base capital requirement for a Category 1 licence is USD 10,000 thousand. The Bank was in compliance with all externally imposed capital requirements as at 31 December 2025 and 31 December 2024.

The detailed capital adequacy disclosures are provided on pages 50 to 61 as part of additional information to the financial statements.

5.5 Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Bank is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

5 Financial risk management (*continued*)

5.5 Fair values (*continued*)

The Bank fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and liabilities carried at amortized cost are considered to approximate their carrying values due to their short-term nature and negligible probability of credit losses. Financial assets consist of cash and cash equivalents and other receivable. Financial liabilities consist of customer deposits, lease liabilities and other payables.

Investment in FVOCI Sukuks for which quoted prices in an active market for an identical instrument are available using those prices (Level 1 measurement).

There were no financial instruments except investment in FVOCI sukuks of USD 22,701 thousand as at 31 December 2025 (31 December 2024: USD 6,826 thousand) held at fair value. The investment in FVOCI sukuks have been valued using Level 1 inputs.

The fair value of investment in sukuks classified at amortised cost as at 31 December 2025 : USD 5,383 thousand (31 December 2024: NIL).

6 Income from Islamic financing and investment products

| | 2025 | 2024 |
|--|------------|------------|
| | \$000 | \$000 |
| Banks and financial institutions | 234 | 327 |
| Investment securities measured at FVOCI | 386 | 96 |
| Investment securities measured at Amortised Cost | 35 | - |
| | <u>655</u> | <u>423</u> |

7 Depositor's share of profit

| | 2025 | 2024 |
|-------------------|-----------|----------|
| | \$000 | \$000 |
| Murabaha deposits | 97 | - |
| | <u>97</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

8 General and administrative expenses

| | <i>Note</i> | 2025 \$000 | 2024 \$000 |
|----------------------------------|-------------|-----------------------------|---------------|
| Staff costs | 8.1 | 4,555 | 4,768 |
| IT costs | | 2,523 | 1,809 |
| Legal and professional fees | | 1,269 | 1,002 |
| Depreciation and amortization | | 983 | 619 |
| Directors' fees & expenses | | 575 | 486 |
| Marketing expenses | | 323 | 129 |
| Office occupancy related expense | | 104 | 134 |
| Audit fees | 8.2 | 93 | 83 |
| Other expenses | | 660 | 552 |
| | | 11,085 | 9,582 |

8.1 Staff costs

| | | 2025 \$000 | 2024 \$000 |
|------------------------------------|----|-----------------------------|---------------|
| Salaries and benefits | | 4,416 | 4,623 |
| Employees' end of service benefits | 22 | 139 | 145 |
| | | 4,555 | 4,768 |

The average number of permanent employees in the Bank as at 31 December 2025 is 36 (2024: 34).

8.2 Audit fees

| | | 2025 \$000 | 2024 \$000 |
|-------------------------------------|--|-----------------------------|---------------|
| Statutory audit | | 68 | 60 |
| - relating to current year | | 62 | 62 |
| - relating to prior year | | 6 | (2) |
| Other services provided to the Bank | | 25 | 23 |
| - relating to current year | | 23 | 23 |
| - relating to prior year | | 2 | - |
| | | 93 | 83 |

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9 Income tax

The Bank implemented UAE corporate tax 1 January 2024 in line with Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses.

A rate of 9% applies to taxable income exceeding an annual threshold of AED 375,000, a rate of 0% will apply to taxable income not exceeding this threshold.

Below is the summary of total income tax recognized in the statement of comprehensive income:

| | 31 December 2025 \$000 | 31 December 2024 \$000 |
|---|---------------------------------------|------------------------------|
| Deferred tax income: | | |
| <i>Amounts recognized in profit or loss</i> | | |
| - Recognition of tax losses | 893 | 822 |
| <i>Items that are subsequently reclassified in profit or loss</i> | | |
| - Movement in fair value reserve – investment securities | (14) | 10 |
| | <u>879</u> | <u>832</u> |

Below is the summary of movement in deferred tax assets:

| | | | | Balance at 31 December 2025 |
|----------------------------|---|---|------------------------------|--|
| 2025 | | | | |
| in \$000 | Net balance at 1 January | Recognised in profit or loss | Recognised in OCI | Deferred tax assets |
| Tax losses carried forward | 822 | 893 | - | 1,715 |
| Others | 10 | - | (14) | (4) |
| Tax assets | <u>832</u> | <u>893</u> | <u>(14)</u> | <u>1,711</u> |
| 2024 | | | | Balance at 31 December 2024 |
| in \$000 | Net balance at 1 January | Recognised in profit or loss | Recognised in OCI | Deferred tax assets |
| Tax losses carried forward | - | 822 | - | 822 |
| Others | - | - | 10 | 10 |
| Tax assets | <u>-</u> | <u>822</u> | <u>10</u> | <u>832</u> |

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

9 Income tax (continued)

OECD Pillar Two model rules

In December 2024, the UAE Cabinet issued Decision No. 142 of 2024 introducing a Domestic Minimum Top-up Tax (DMTT), effective for financial years beginning on or after 1 January 2025. The DMTT implements a 15% minimum effective tax rate in line with the Organisation for Economic Co-operation and Development Global Anti-Base Erosion (GloBE) Model Rules (Pillar Two) and applies to multinational enterprise groups with consolidated revenues of at least EUR 750 million in at least two of the four preceding fiscal years.

Management has assessed the applicability of the DMTT and concluded that the Bank, being a standalone entity and not part of a multinational enterprise group meeting the revenue threshold, is not within the scope of Pillar Two legislation for the current reporting period.

10 Cash and balances due from banks

| | 31 December 2025 \$000 | 31 December 2024 \$000 |
|---|---------------------------------------|------------------------------|
| Current accounts with banks | 6,715 | 5,488 |
| Wakala deposit with banks | 3,500 | 5,001 |
| Commodity Murabaha deposit with banks | - | 4,401 |
| Cash and balances due from banks – Gross | 10,215 | 14,890 |
| Less: Expected credit losses | (2) | (2) |
| Cash and balances due from banks – Net | 10,213 | 14,888 |

10.1 The effective average return on deposit is 3.4% per annum (2024: 4.5% per annum). These balances have maturities in January'26 (2024: January'25 to March'25). Bank balances are held with banks operating in the United Arab Emirates and the United States, with a minimum credit rating of A- as per Moody's.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

11 Investment securities

| | 31 December 2025 \$000 | 31 December 2024 \$000 |
|---|---|---------------------------------|
| Measured at FVOCI | | |
| Government Sukuk | 7,588 | 3,433 |
| Corporate Sukuk | 15,113 | 3,394 |
| | <u>22,701</u> | <u>6,827</u> |
| Less: Expected credit losses | (4) | (1) |
| Net Investment securities measured at FVOCI | <u>22,697</u> | <u>6,826</u> |
| Measured at Amortised Cost | | |
| Corporate Sukuk | 5,426 | - |
| Less: Expected credit losses | (1) | - |
| Net investment securities measured at Amortised Cost | <u>5,425</u> | <u>-</u> |
| Total investment securities | <u>28,122</u> | <u>6,826</u> |

11.1 As at 31 December 2025, the fair value of investment securities classified at amortised cost amounted to USD 5,383 thousand (31 December 2024: NIL).

12 Property and equipment

| | Office fixtures & fittings \$000 | Machinery & equipment \$000 | Total \$000 |
|---------------------------------|---|--|------------------------|
| Cost | | | |
| At 1 January 2024 | 1,641 | 130 | 1,771 |
| Additions | 7 | 60 | 67 |
| At 31 December 2024 | <u>1,648</u> | <u>190</u> | <u>1,838</u> |
| At 1 January 2025 | 1,648 | 190 | 1,838 |
| Additions | 4 | 43 | 47 |
| At 31 December 2025 | <u>1,652</u> | <u>233</u> | <u>1,885</u> |
| Accumulated Depreciation | | | |
| At 1 January 2024 | (1,632) | (86) | (1,718) |
| Charge for the year | (10) | (26) | (36) |
| At 31 December 2024 | <u>(1,642)</u> | <u>(112)</u> | <u>(1,754)</u> |
| At 1 January 2025 | (1,642) | (112) | (1,754) |
| Charge for the year | (2) | (22) | (24) |
| At 31 December 2025 | <u>(1,644)</u> | <u>(134)</u> | <u>(1,778)</u> |
| Carrying amounts | | | |
| At 31 December 2024 | <u>6</u> | <u>78</u> | <u>84</u> |
| At 31 December 2025 | <u>8</u> | <u>99</u> | <u>107</u> |

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

13 Right of use asset

| | Total \$000 |
|---------------------------------|------------------------|
| Cost | |
| At 1 January 2024 | 3,788 |
| Additions | - |
| At 31 December 2024 | 3,788 |
| At 1 January 2025 | 3,788 |
| Additions | - |
| At 31 December 2025 | 3,788 |
| Accumulated depreciation | |
| At 1 January 2024 | (2,670) |
| Depreciation for the year | (361) |
| Modification | (23) |
| At 31 December 2024 | (3,054) |
| At 1 January 2025 | (3,054) |
| Depreciation for the year | (367) |
| At 31 December 2025 | (3,421) |
| Carrying amounts | |
| At 31 December 2024 | 734 |
| At 31 December 2025 | 367 |

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

14 Intangible assets

| | IT Software – Work in progress \$000 | IT Software – Finished assets \$000 | IT Software – Total \$000 |
|---------------------------------|---|---|------------------------------------|
| Cost | | | |
| At 1 January 2024 | 136 | - | 136 |
| Additions | 301 | 5 | 306 |
| Transfer | (136) | 136 | - |
| At 31 December 2024 | 301 | 141 | 442 |
| At 1 January 2025 | 301 | 141 | 442 |
| Additions | 263 | - | 263 |
| Transfer | (394) | 394 | - |
| At 31 December 2025 | 170 | 535 | 705 |
| Accumulated amortisation | | | |
| At 1 January 2024 | - | - | - |
| Charge for the year | - | (14) | (14) |
| At 31 December 2024 | - | (14) | (14) |
| At 1 January 2025 | - | (14) | (14) |
| Charge for the year | - | (90) | (90) |
| At 31 December 2025 | - | (104) | (104) |
| Carrying amounts | | | |
| At 31 December 2024 | 301 | 127 | 428 |
| At 31 December 2025 | 170 | 431 | 601 |

Intangibles work in progress related mostly to customisation of new software purchased for carrying out business.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

15 Other assets

| | 31 December 2025 \$000 | 31 December 2024 \$000 |
|--------------------------------------|---------------------------------|---------------------------------|
| Prepayments & other advances | 4,602 | 4,068 |
| Recoverable from employees | 202 | 60 |
| Other assets | 1,153 | 1,463 |
| Other assets – Gross | 5,957 | 5,591 |
| Less: Provision against other assets | (539) | (1,136) |
| Other assets – Net | 5,418 | 4,455 |

Included in other assets is VAT receivable of USD 1,151 thousand (2024: USD 1,461 thousand).

16 Customer deposits

| | 31 December 2025 \$000 | 31 December 2024 \$000 |
|---------------------------------|---------------------------------|---------------------------------|
| Current accounts | 12,422 | 1,367 |
| Term deposits based on Murabaha | 16,234 | - |
| As at 31 December | 28,656 | 1,367 |

17 Lease liability

| | 31 December 2025 \$000 | 31 December 2024 \$000 |
|----------------------------------|---------------------------------|---------------------------------|
| As at 1 January | 721 | 1,483 |
| Payments during the year | (377) | (806) |
| Modification | - | (23) |
| Finance costs on lease liability | 33 | 67 |
| As at 31 December | 377 | 721 |

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

18 Other liabilities

| | Note | 31 December 2025 \$000 | 31 December 2024 \$000 |
|-------------------------|------|---------------------------------|---------------------------------|
| Accruals | | 470 | 269 |
| End of service benefits | 22 | 317 | 254 |
| Other liabilities | | 70 | 56 |
| | | <u>857</u> | <u>579</u> |

The Bank's exposure to liquidity risk related to accruals and other liabilities is disclosed in note 5.2.

19 Share capital

At 31 December 2025 and 31 December 2024, share capital comprised of authorised share capital of USD 400,000 thousand and issued and fully paid up share capital of USD 40,603 thousand (4,060,258 ordinary shares of USD 10 par value).

In September 2024, 1,500,000 new shares were issued and fully paid up at par of USD 10 per share by Gulf Islamic Investments LLC.

| | <u>31 December 2025</u> | | <u>31 December 2024</u> | |
|---------------------------------------|-------------------------|---------------|-------------------------|---------------|
| | % | \$000 | % holding | \$000 |
| Ordinary shares | | | | |
| Gulf Islamic Investments LLC - Parent | 100% | 40,603 | 100% | 40,603 |
| Total ordinary shares | <u>100%</u> | <u>40,603</u> | <u>100%</u> | <u>40,603</u> |

20 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investment securities measured at FVOCI until the assets are derecognised or reclassified.

21 Related party balances

Related parties comprise the shareholder, directors and key management personnel of the Bank and entities controlled, jointly controlled or significantly influenced by such parties. The Bank, in the normal course of business carries out transactions with related parties on normal commercial terms and conditions. Related party transactions and balances are as follows:

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

23 Contingent liabilities

The Bank has no significant contingent liabilities as at 31 December 2025 and 31 December 2024.

24 Commitments

As at 31 December 2025, the Bank has contractual capital commitments relating to software-as-a-service (SaaS) arrangements and automation projects, primarily for implementation, subscription, and licensing fees. The total commitments amounted to USD 2,428 thousand as at 31 December 2025 (2024: USD 1,107 thousand).

25 Financial instruments at measurement categories

| | 31 December 2025 \$000 | 31 December 2024 \$000 |
|--|---|---------------------------------|
| Financial assets at amortised cost | | |
| Cash and balances due from banks | 10,213 | 14,888 |
| Investment securities | 5,425 | - |
| Other assets | 614 | 327 |
| | 16,252 | 15,215 |
| Financial assets at FVOCI | | |
| Investment securities | 22,697 | 6,826 |
| | 22,697 | 6,826 |
| Financial liabilities at amortised cost | | |
| Customer deposits | 28,656 | 1,367 |
| Lease liability | 377 | 721 |
| Accruals | 540 | 325 |
| | 29,573 | 2,413 |

26 Comparative amounts

Certain prior year comparatives have been reclassified wherever necessary to conform to the presentation adopted in the current year.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

27 Events after Reporting Period

Subsequent to the reporting date, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasize the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

These developments arose after the reporting period and have therefore been assessed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the financial statements as at 31 December 2025, which reflect conditions existing at that date.

The Bank has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these non-adjusting events on future periods.

There have been no other events that occurred subsequent to 31 December 2025 through to the date the financial statements were approved that required additional disclosure.

Additional Information (unaudited)

This section includes information that is required to be disclosed as part of our regulatory reporting obligations or that is relevant to a complete understanding of the Bank's financial statements and is provided in accordance with certain best practice disclosure principles. In particular, it provides further information on the Bank's Shari'ah, capital requirements, liquidity, funding and leverage ratios.

28 Shari'ah related disclosures

28.1 Role and Authority of the Shariah Supervisory Board

The Shariah Supervisory Board (SSB) is the highest authority in making the final decision on matters related to Shariah principles in the Bank's course of business operation.

In accordance with the Bank's Shariah Governance Framework (SGF), the SSB's responsibility is stipulated as to:

- perform an oversight role on Shariah matters related to the Bank's operations and activities through the observations and reports from the Bank by identifying possible Shariah issues, if any, and propose the necessary corrective measures.
- providing views, decisions and advice to the Bank and deliberate on every arising issue extensively and in-depth before arriving at any decision.
- certify all the new products offered by the Bank which must be backed by the relevant Shari'ah literature, evidence, and reasoning. A rigorous Shari'ah deliberation process of the legal contracts or other documents related to or describing the relevant products or transactions shall be undertaken by the SSB.
- assist the Bank's CEO and ManCom in overseeing the enforcement and implementation of the SSB's resolutions.

Further, during deliberation on any issue, the SSB has the right to call upon any relevant party in the Bank or convene a meeting with the identified relevant parties to facilitate the decision making.

28.2 Zakat

According to the guidance provided by the SSB, as an institution, the Bank is not obligated to calculate and pay Zakat under Shari'ah. Furthermore, the SSB has clarified that the responsibility for Zakat in relation to assets owned by individuals in the form of customer deposits lies with the individual account holders or individual shareholders of the Bank.

29 Pillar 3 Public Disclosures

29.1 Regulatory framework for public disclosures

The FSRA in the “Prudential – Investment, Insurance Intermediation and Banking Rules” (PRU Rules) has provided prudential requirements in relation to the capital adequacy, leverage and maintenance of liquid assets by the Bank as a Prudential Category 1 Islamic Financial Institution and are consistent with the Pillar 1, 2 and 3 requirements of the Basel accord:

- Pillar 1 – Minimum capital requirements: defines rules for the calculation of minimum capital for credit, market and operational risk.
- Pillar 2 – Provides the framework for an enhanced supervisory review process with the objective of assessing the adequacy of the Bank’s capital to cover not only the three primary risks (Credit, Market and Operational), but in addition a series of other risks that the Bank may be exposed to; for example, concentration risk, residual risk, business risk, liquidity risk etc.
- Pillar 3 – Market discipline: requires expanded disclosures, which allow regulators, investors and other market participants to more fully understand the risk profiles of individual banks. The purpose of Pillar 3 - Market Discipline is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2).

The Bank’s Pillar 3 disclosures are governed by FSRA’s PRU Rules Chapter 11 “Disclosure Requirements” and App12 “Public Disclosure Requirements”.

29.2 Scope of application

The FSRA in PRU rules Chapter 11 specifies the disclosures required to be made by the Bank to enable market participants and potential counterparties to exercise market discipline in relation to the firm. The purpose of these requirements is to ensure that minimum public disclosures are made available to market participants to assist them in forming an opinion on the risk profile and capital adequacy of the Bank.

The Bank has prepared the annual disclosures as at 31 December 2025 on a standalone basis as the Bank does not have any subsidiaries or significant investment as at 31 December 2025. The Pillar 3 disclosures for the year ended 31 December 2025 have been read and verified by the Bank’s external auditors as part of the Other Information section.

29.3 Capital

The Bank’s approach to capital management is driven by strategic and organizational requirements, taking into account the regulatory, economic and commercial environment. The Bank aims to maintain a strong capital base to support the risks inherent in the business and invest in accordance with strategy, meeting local regulatory capital requirements consistently.

29 Pillar 3 Public Disclosures (continued)

29.3 Capital (continued)

Largely a bank's capital comprises three main categories, namely CET1, AT1 and Tier 2, depending on their characteristics:

- a) CET1 capital is the highest quality form of capital, comprising share capital, share premium, legal, statutory and other reserves, fair value reserve, retained earnings after deductions for intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under FSRA guidelines.
- b) AT1 capital comprises eligible non-common equity capital instruments. At this point in time, Vision Bank Limited does not have AT1 capital.
- c) Tier 2 capital comprises qualifying subordinated debt, and undisclosed reserve. At this point in time, Vision Bank Limited does not have Tier 2 capital.

Details of the Bank's qualifying Equity are set out as below:

Main features of the regulatory capital instruments:

| S.No | Particulars | Equity Shares |
|------|--|---|
| 1 | Issuer | Vision Bank Limited |
| 2 | Instrument type | Ordinary shares |
| 3 | Amount recognised in regulatory capital (in \$000) | 40,603 |
| 4 | Number of shares | 4,060,258 |
| 5 | Issue price | USD 10 per share |
| 6 | Accounting classification | Equity attributable to equity holders / Share Capital |
| 7 | Regulatory Treatment | Common Equity Tier 1 |
| 8 | Redemption price | Not Applicable |
| 9 | Perpetual or dated | Perpetual |
| 10 | Original maturity dated | No Maturity |
| 11 | Issuer call subject to prior supervisory approval | Not Applicable |
| 12 | Option call date, contingent call dates and redemption amount | Not Applicable |
| 13 | Subsequent call dates, if applicable Coupons / dividends | Not Applicable |
| 14 | Fixed or floating dividend / coupon | Not Applicable |
| 15 | Coupon rate and any related index | Not Applicable |
| 16 | Existence of a dividend stopper | Not Applicable |
| 17 | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Fully discretionary |
| 18 | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Fully discretionary |
| 19 | Existence of step-up or other incentive to redeem | Not Applicable |
| 20 | Non-cumulative or cumulative | Non – Cumulative |
| 21 | Convertible or non-convertible | Not Applicable |
| 22 | Write down feature | Not Applicable |
| 23 | If write down, write down triggers | Not Applicable |
| 24 | If write down, full or partial | Not Applicable |
| 25 | If write down, permanent or temporary | Not Applicable |
| 26 | If temporary write down, description of write down mechanism | Not Applicable |
| 27 | Type of subordination | Not Applicable |

29 Pillar 3 Public Disclosures (*continued*)

29.3 Capital (*continued*)

29.3.1 Capital Adequacy Ratio (CAR)

The CAR helps the Bank to make sure that it has enough capital to protect depositors' money.

The CAR set standards for banks by looking at a bank's ability to pay liabilities and respond to credit risks, market risks and operational risks. A bank that has a good CAR has enough capital to absorb potential losses.

The FSRA minimum capital requirements are also set out below.

| <i>The FSRA Minimum Capital Requirement</i> | 2025 | 2024 |
|--|-------------|-------------|
| Common Equity Tier 1 minimum ratio | 6.00% | 6.00% |
| Tier 1 minimum ratio | 8.00% | 8.00% |
| Total capital minimum ratio | 10.00% | 10.00% |

The Bank is also subject to a Capital Conservation Buffer requirement of 2.5% of the total risk exposure amount.



29 Pillar 3 Public Disclosures (continued)

29.3 Capital (continued)

29.3.1 Capital Adequacy Ratio (CAR) (continued)

| Particulars | In \$000 31-Dec-25 | In \$000 31-Dec-24 |
|---|-----------------------|-----------------------|
| Common Equity Tier 1 capital: instruments and reserves | | |
| Paid up capital instruments | 40,603 | 40,603 |
| Retained earnings | (23,997) | (14,927) |
| Accumulated other comprehensive income (and other reserves) | 43 | (96) |
| Common Equity Tier 1 capital before regulatory deductions | 16,649 | 25,580 |
| Common Equity Tier 1 capital regulatory adjustments | | |
| Intangibles | (601) | (428) |
| Deferred tax assets that rely on future profitability | (1,711) | (832) |
| Total regulatory adjustments to Common Equity Tier 1 | (2,312) | (1,260) |
| Common Equity Tier 1 capital (CET1) | 14,337 | 24,320 |
| Additional Tier 1 capital: Instruments | | |
| Capital instruments eligible as AT1 capital | - | - |
| Additional Tier 1 capital: Regulatory Adjustments | | |
| Regulatory adjustments to additional Tier 1 capital | - | - |
| Additional Tier 1 capital (AT1) | - | - |
| Tier 1 capital (T1= CET1 + AT1) | 14,337 | 24,320 |
| Tier 2 Capital: Instruments and Provisions | | |
| Capital instruments and subordinated loans eligible as T2 Capital | - | - |
| Tier 2 capital before regulatory adjustments | - | - |
| Tier 2 Capital: Regulatory Adjustments | | |
| Regulatory adjustments to Tier 2 capital | - | - |
| Tier 2 capital (T2) | - | - |
| Total regulatory capital (TC = T1 + T2) | 14,337 | 24,320 |
| Total risk - weighted assets – Pillar 1 | 20,033 | 12,566 |
| Total risk - weighted assets – Pillar 2 | 20,033 | 17,349 |
| Total risk - weighted assets – Pillar 1 and 2 | 20,033 | 29,915 |
| Pillar 1: Capital ratios | | |
| Common Equity Tier 1 (as a percentage of risk-weighted assets) | 71.57% | 193.54% |
| Tier 1 (as a percentage of risk-weighted assets) | 71.57% | 193.54% |
| Total capital (as a percentage of risk-weighted assets) | 71.57% | 193.54% |
| Pillar 1 and 2: Capital ratios | | |
| Common Equity Tier 1 (as a percentage of risk-weighted assets) | 71.57% | 81.30% |
| Tier 1 (as a percentage of risk-weighted assets) | 71.57% | 81.30% |
| Total capital (as a percentage of risk-weighted assets) | 71.57% | 81.30% |

29 Pillar 3 Public Disclosures *(continued)*

29.4 Capital adequacy and leverage

It is the Bank's philosophy to manage its capital in a transparent and consistent manner to ensure the most effective outcome for shareholders, while complying with all applicable regulations.

In particular, the Bank's capital management approach aims at ensuring maintenance of targeted capital structure and capitalization standards. It involves balancing the capital supply and capital demand of the Bank and estimates capital requirements on this basis. It also involves the preparation of a forward-looking capital plan, based on the forecast business plan of the Bank, to ensure the Bank is able to meet its capital adequacy goals.

The capital management approach at the Bank is designed to determine the level of capital required to support the nature and level of risk facing the Bank, based on the strategic direction set by the Bank's Board of Directors ('BoD').

The Capital management approach ensures that capital adequacy is maintained at all times and adequate contingent capital sources are available to accommodate requirements from unexpected and stress events.

29.4.1 Capital risk appetite

The capital risk appetite is set to ensure that the Bank has adequate quality and quantity of capital to meet the minimum regulatory requirements, execute its strategic plans and operate in the case of a stress event.

The Bank's risk appetite is aligned to the strategy of the Bank and is set by the BoD. It contains the desired risk and capital targets. It describes and acknowledges the risks inherent in the Bank's business strategy and documents the amount and type of risk the Bank is prepared to assume in pursuit of its business strategy. The explicit formulation of this strategy allows the early detection of deviations from the planned course, and in initiating the corresponding counter measures in a timely manner. It is closely monitored and managed by the Bank's Asset and Liability Committee ('ALCO') and reported to the BoD on periodic basis.

29.4.2 Controls and risk mitigation process

The CFO in coordination with the Chief Risk Officer (CRO) ensures adequacy of capital, and review compliance with regulation to ensure adherence at all times. The CRO uses stress and scenario testing as part of periodic Internal Capital Adequacy Assessment Process ('ICAAP') to assess the capital risk of the Bank.

The Bank has adequate systems and controls to monitor its capital requirement to ensure that the amount of its capital resources is, and is likely to remain, adequate at all times.

29.4.3 Capital adequacy monitoring

The capital position is regularly monitored against the triggers provided in the approved Risk Appetite Statement (RAS) and is presented to ALCO on a monthly basis and the BoD on a quarterly basis.

29 Pillar 3 Public Disclosures (continued)**29.4 Capital adequacy and leverage (continued)****29.4.4 Capital triggers and management**

The Bank's capital risk appetite and metrics forming part of the RAS establishes the BoD target capital ratios. The Risk Appetite Framework (RAF) also establishes key trigger levels (yellow, amber and red) for deviations of the capital ratios from the BoD target ratios along with corresponding escalation processes and action plans required.

These trigger points include cushions in relation to the minimum capital adequacy required under

- a. Pillar 1 requirements, plus
- b. any additional capital adequacy requirements imposed as part of the Supervisory Review and Evaluation Process (SREP) (Pillar 2 capital requirements and Stress test requirements as per the ICAAP assessment).

The approved RAS includes the monitoring of actual capital position against Capital ratios triggers which is presented in the periodic ALCO and BoD meetings:

- a. CET1 ratio;
- b. Tier 1 ratio;
- c. Total Capital Adequacy ratio;
- d. Capital Resources to total risk exposure amount for credit risk;
- e. Leverage ratio; and
- f. Minimum Capital base % of FSRA requirement.

A summarized commentary is provided to the ALCO and the BoD to explain the movements in the above-mentioned ratios from previous period and the key drivers (including significant movements in credit, market and operational risk weighted assets and movement in components of capital) to give more insights to ALCO and the BoD.

29 Pillar 3 Public Disclosures (continued)**29.4 Capital adequacy and leverage (continued)****29.4.5 Risk weighted exposure amounts**

| Particulars | Risk Weighted Assets in \$000 | |
|--|-------------------------------|---------------|
| | 31-Dec-25 | 31-Dec-24 |
| Pillar 1 | | |
| Credit risk | 12,563 | 12,021 |
| Of which: standardised approach (SA) | | |
| SA exposure classes excluding securitisation positions | | |
| Central government and Central Bank | 1,515 | 696 |
| Multilateral Development Banks | - | - |
| Banks | 3,809 | 6,108 |
| Corporates | 1,666 | 586 |
| Other items | 5,573 | 4,631 |
| Market risk | - | - |
| Interest Rate Risk | - | - |
| Equity Risk | - | - |
| Foreign Exchange Risk | - | - |
| Commodities Risk | - | - |
| Options Risk | - | - |
| Collective Investment Fund Risk | - | - |
| Securities Underwriting | - | - |
| Other Risk | - | - |
| Operational Risk | 7,470 | 545 |
| OpR Basic indicator Approach (BIA) | 7,470 | 545 |
| Pillar 1: Total Risk Weighted exposure amount | 20,033 | 12,566 |
| Pillar 2 | | |
| Operational Risk | - | 17,349 |
| OpR Basic indicator Approach (BIA) | - | 17,349 |
| Pillar 2: Total Risk Weighted exposure amount | - | 17,349 |
| Pillar 1 and 2: Total Risk Weighted exposure amount | 20,033 | 29,915 |

The capital resources to total risk exposure amount for credit risk as at 31 December 2025 is 114.12% (31 December 2024: 202.31%) and is in compliance with the FSRA's stipulated minimum requirement of 25%.

29.4.6 Leverage ratio (LR)

The LR is a separate, additional requirement from the risk-based capital requirement. It is defined as the "capital" measure divided by the "exposure" measure. The capital measure is made up of Tier 1 capital. The exposure measure is a sum of on-balance sheet assets, derivative exposures, securities finance transactions and off-balance sheet exposures. It shows how much debt a bank uses to finance its operations.

The Bank is in compliance with the requirements stipulated by FSRA for the Leverage Ratio set at a minimum of 3%.

29 Pillar 3 Public Disclosures (continued)**29.4 Capital adequacy and leverage (continued)****29.4.6 Leverage ratio (LR) (continued)**

| Particulars | <i>in \$000</i> 31-Dec-25 | <i>in \$000</i> 31-Dec-24 |
|--|-------------------------------------|-------------------------------------|
| Exposure Measure | | |
| <i>On-balance sheet exposures</i> | | |
| On-balance sheet exposures | 44,227 | 28,247 |
| Total on-balance sheet exposures | 44,227 | 28,247 |
| <i>Derivative exposures</i> | | |
| Total derivative exposures | - | - |
| <i>Securities financing transactions</i> | | |
| Total securities financing transaction exposures | - | - |
| <i>Other off-balance sheet exposures</i> | | |
| Off-balance sheet items | - | - |
| Total Exposure | 44,227 | 28,247 |
| <u>Capital Measure</u> | | |
| Tier 1 capital | 14,337 | 24,320 |
| Total Capital | 14,337 | 24,320 |
| Leverage ratio (%) | 32.42% | 86.10% |

29.5 Liquidity Risk**29.5.1 Liquidity coverage ratio (LCR)**

Liquidity risk is the risk of the Bank not being able to meet efficiently the expected and unexpected current and future cash flows and collateral needs, without affecting either its daily operations or its financial condition. It is the policy of the Bank to maintain adequate liquidity at all times.

The Bank ensures that it maintains an adequate level of high-quality liquid assets ('HQLA') to meet its liquidity needs for a minimum 30 calendar day period under a severe stress scenario.

The Bank is in compliance with the requirement stipulated by FSRA to maintain LCR ratio of at least 150%.

29 Pillar 3 Public Disclosures (continued)**29.5 Liquidity Risk (continued)****29.5.1 Liquidity coverage ratio (LCR) (continued)**

| Particulars | <i>in \$000</i> | |
|---|------------------------------|-------------------------------------|
| | Total unweighted value | Total weighted value |
| | 31-Dec-25 | |
| High-quality liquid assets | | |
| Level 1 Assets | 17,007 | 17,007 |
| Level 2A Assets | 7,539 | 6,408 |
| Level 2B Assets | 3,300 | 1,650 |
| Total HQLA | 27,846 | 25,065 |
| Cash Outflows | | |
| Unsecured wholesale funding | 17,338 | 13,499 |
| - <i>Small business customers - less stable deposits</i> | 1,997 | 200 |
| - <i>Small business customers – Term deposit with residual maturity more than 30 days</i> | 2,019 | - |
| - <i>Non-financial corporates without deposit protection</i> | 38 | 15 |
| - <i>Other legal entity customers</i> | 13,284 | 13,284 |
| Other contractual cash outflows | 470 | 470 |
| TOTAL CASH OUTFLOWS | 17,808 | 13,969 |
| Cash Inflows | | |
| Other contractual cash inflows | 3,501 | 3,501 |
| TOTAL CASH INFLOWS | 3,501 | 3,501 |
| | | Total Adjusted Value |
| Total HQLA | | 25,065 |
| Total net cash outflows | | 10,468 |
| Liquidity coverage ratio (%) | | 239.45% |

29 Pillar 3 Public Disclosures (continued)**29.5 Liquidity Risk (continued)****29.5.1 Liquidity coverage ratio (LCR) (continued)**

| Particulars | <i>in \$000</i> | |
|---|------------------------------|-------------------------------------|
| | Total unweighted value | Total weighted value |
| | 31-Dec-24 | |
| High-quality liquid assets | | |
| Level 1 Assets | 2,164 | 2,164 |
| Level 2A Assets | 1,698 | 1,443 |
| Total HQLA | 3,862 | 3,607 |
| Cash Outflows | | |
| Unsecured wholesale funding | 1,367 | 717 |
| - Small business customers - less stable deposits | 460 | 46 |
| - Non-financial corporates without deposit protection | 394 | 158 |
| - Other legal entity customers | 513 | 513 |
| Other contractual cash outflows | 269 | 269 |
| TOTAL CASH OUTFLOWS | 1,636 | 986 |
| Cash Inflows | | |
| Other contractual cash inflows | 5,013 | 5,013 |
| TOTAL CASH INFLOWS | 5,013 | 5,013 |
| | | Total Adjusted Value |
| Total HQLA | | 3,607 |
| Total net cash outflows | | 246 |
| Liquidity coverage ratio (%) | | 1463.91% |

29.5.2 Net stable funding ratio (NSFR)

The main objective of the NSFR is to promote the resilience of the banking system by improving the funding profile of banks by ensuring they have sufficient level of stable funding in relation to their assets and commitments. The NSFR thus promotes banks to rely on funding from stable sources and long-term borrowing in order to reduce the risks of disruptions which might impact the bank's liquidity position.

29 Pillar 3 Public Disclosures (continued)**29.5 Liquidity Risk (continued)****29.5.2 Net stable funding ratio (NSFR) (continued)**

The NSFR is calculated as a proportion of Available Stable Funding (ASF) against the Required Stable Funding (RSF). The ASF is defined as the portion of capital and liabilities expected to be stable over the time horizon of one year considered by NSFR. The RSF is measured based on broad characteristics of the liquidity risk profile of the assets and off-balance sheet exposures. The regulations prescribe the factor to be applied to the outstanding value of capital, liabilities, assets and off-balance sheet items for NSFR computation.

The Bank is in compliance with the requirement stipulated by FSRA to maintain NSFR ratio of at least 150%.

Net Stable Funding Ratio – NSFR

| Particulars | <i>in \$000</i> | |
|--|------------------|-------------------|
| | Total Amount | Weighted Value |
| | 31-Dec-25 | |
| Available stable funding (ASF) item | | |
| Capital: | | |
| Regulatory capital | 16,649 | 16,649 |
| Other capital instruments | - | - |
| <u>Deposits from small business customers:</u> | | |
| - <i>Less stable deposits</i> | 1,866 | 1,680 |
| - <i>Less stable deposits with residual maturities of less than 1 year</i> | 2,149 | 1,935 |
| Funding with a residual maturity of less than one year provided by non-financial corporate customers | 38 | 19 |
| Other Funding not included in the above categories with residual maturity between six months to less than 1 year | 10,125 | 5,063 |
| All other liabilities not included in the above categories | 14,928 | - |
| Total ASF | | 25,346 |
| Required stable funding (RSF) item | | |
| Total high-quality liquid assets (HQLA) | | |
| - <i>Unencumbered Level 1 HQLA</i> | 17,006 | 850 |
| - <i>Unencumbered Level 2A Assets</i> | 7,539 | 1,131 |
| - <i>Unencumbered Level 2B Assets</i> | 3,300 | 1,650 |
| Deposits held at other financial institutions for operational deposits | 10,215 | 5,107 |
| All other assets | 2,419 | 2,419 |
| Total RSF | | 11,157 |
| Net Stable Funding Ratio (%) | | 227.15% |

29 Pillar 3 Public Disclosures *(continued)***29.5 Liquidity Risk** *(continued)***29.5.2 Net stable funding ratio (NSFR)** *(continued)***Net Stable Funding Ratio – NSFR**

| Particulars | <i>in \$000</i> | |
|--|------------------|-----------------------|
| | Total Amount | Weighted Value |
| | 31-Dec-24 | |
| Available stable funding (ASF) item | | |
| Capital: | | |
| Regulatory capital | 25,580 | 25,580 |
| Other capital instruments | - | - |
| <u>Deposits from small business customers:</u> | | |
| - <i>Less stable deposits</i> | 460 | 414 |
| Funding with a residual maturity of less than one year provided by non-financial corporate customers | 394 | 197 |
| All other liabilities not included in the above categories | 513 | - |
| Total ASF | | <u>26,191</u> |
| Required stable funding (RSF) item | | |
| Total high-quality liquid assets (HQLA) | | |
| - Unencumbered Level 1 HQLA | 2,164 | 108 |
| - Unencumbered Level 2A Assets | 3,401 | 510 |
| - Unencumbered Level 2B Assets | 1,172 | 586 |
| Deposits held at other financial institutions for operational purposes | 14,888 | 7,444 |
| Total RSF | | <u>8,648</u> |
| Net Stable Funding Ratio (%) | | <u>302.84%</u> |